

SP 17.1, Options

Substantive changes in the accompanying 3/21/06 revision to LBNL's current 2/95 version:

1. Cleans up some awkwardly written text throughout the SP.
2. Revises the scope to apply to all subcontracts, not just subcontracts where an option might be appropriate.
3. Adds the definition for *Option*.
4. Revises the *Considerations for Use* section to include the use of options in solicitations to include “services” and “*there is a reasonable likelihood that the option will be exercised*”.
5. Revises the *Considerations for Use* section to include why options are normally not included in a solicitation.
 - Market prices for the supplies or services are likely to change substantially,
 - Delivery requirements are far enough in the future to permit another competitive acquisition for the supplies or services; or,
 - The option will involve undue risk; e.g., the price or availability of necessary supplies or services is not reasonably foreseeable.
6. Revises the *Consideration for Use, Unpriced Options*, section to clarify the use of unpriced options if the work is non-severable from the original phase and the latter phase is not sufficiently defined to allow the subcontractor to submit a detailed cost proposal or firm pricing.
7. Revises the *Subcontracts* section to clarify that the subcontract option clause shall incorporate the following language:

“Limits on the additional supplies or services to be purchased or the overall duration of the term of the subcontract, including any extension”.

“Subcontract may express options for increased quantities of supplies or services in terms of:

*Percentage of specific line items,
Increase in specific line items, or
Additional numbered line items identified as the option.*

Subcontracts may express extensions of the term of the subcontract as an amended completion date or as additional time for performance; e.g. days, weeks, or months.”

8. Adds a new section entitled *Evaluation of Options* as follows:

Solicitations must state whether the basis for evaluation of the offers will be inclusive or exclusive of the option(s).

The Offer associated with an option in a solicitation will normally be evaluated along with the offer associated with the base subcontract requirements.

Exceptions to this general rule are, for example, where any unpriced option is included in a solicitation.

9. Modifies the *Exercising an Option, Notification to Subcontracts* section to incorporate that a unilateral modification or other written document which notifies the subcontractor of the exercise of any price option must be issued within the notification time period specified in the subcontract. In addition, a bilateral modification must be effected in the exercise of an unpriced option.
10. Modifies the *Procurement Specialist* section to include providing a unilateral modification when exercising a price option and a bilateral modification when exercising an unpriced option.